



Complying with the Property Management Agreement

In this case study, a property manager is found to have failed to perform in accordance with the terms of the property management agreement when he charged the owner for repairs without authorization as required by the property management agreement. It is imperative that property managers comply with the terms of all written agreements.

THE SITUATION:

On February 20, 1990, Milo Sampson (“Sampson”) was issued a salespersons license. Sampson’s license has been affiliated with Next Level Rentals (“Next Level”) since November 8, 1999.

On May 23, 2018, Leroy & Bailey Rowland (“Rowlands”) as property owners entered into a property management agreement with Next Level for their property at 4423 Ashford Drive, Leesburg, VA. The property management agreement was for a period of one year, with automatic renewals.

The property management agreement stated, in part:

Manager’s Obligations:

1. **Repairs:** To administer, supervise, and discharge of all repairs, and to purchase supplies. Manager agrees to obtain Owner’s prior authorization for any and all repairs. Except in the case of emergency repairs, or in the event the owner is not reasonably available for consultation, and manager deems such protection of the property from damage or to perform services to the tenants provided for in their lease.

On March 18, 2020, the tenants of the subject property submitted a service request because the hot water, half of the stove, and the fireplace were not working. In response Next Level dispatched a repair technician. On March 26, Sampson emailed the Rowlands and stated that the affected appliances had clogged igniters and the gas supply pipe and elbow had rusted. Sampson stated that the pipe, elbows,

and igniter were replaced and that the cost of the repairs was \$350. On March 30th the Rowlands were charged for the repairs.

During an interview with Investigator Aleena Gibbons (“Investigator Gibbons”), the Board’s agent, the Rowlands stated that they did not authorize the repairs to the hot water heater, stove, and fireplace.

On April 7, Sampson sent the Rowlands an email that stated “As you know, the water heater was leaking and required replacement. The cost was \$1,900.” On April 23rd, the Rowlands were charged \$1,900 for replacement of the water heater. During the investigation, Sampson told Investigator Gibbons he did not need the Rowlands’ approval because the hot water heater replacement was considered an emergency. Additionally, Sampson stated that he had discussed replacing the water heater with the Rowlands by telephone. During this phone call Sampson told the Rowlands that replacing the water heater would cost between \$1,300 and \$1,900. Sampson indicated that Ms. Rowland agreed that the water heater needed to be replaced because the repairs weren’t holding.

Sampson provided an estimate for the water heater replacement from Yasin Lang (“Lang”) for \$1,200. When asked about the \$700 discrepancy between the estimate and what the Rowlands were charged, Sampson stated the \$700 was to remove the old water heater, a riding lawn mower, and other debris from the subject property.

Sampson indicated that Lang did not remove the old water heater from the property, as indicated in the scope of work for the \$1,200 estimate. Sampson added that he had stopped contracting with Lang for work on properties managed by Next Level because of Lang’s failure to remove the old water heater as indicated on the estimate.

During the Informal Fact Finding (“IFF”) conference, Sampson stated that the Rowlands approved the removal of the old refrigerator in December 2018 via email and during a conversation. Sampson said that they originally thought the refrigerator was removed in 2018 because they were billed by a previous contractor. When he discovered that it had not been removed, he included it with the lawn mower and old water heater. Sampson indicated that the Rowlands were billed in 2018 for the removal of the refrigerator.

During the IFF, when specifically asked if he received separate authorization for the \$700 charge for the removal of debris, Sampson stated:

No. You know, it was all previously approved before. The refrigerator back in 2018. She did give us approval to remove the lawnmower. You know when the new tenant was moving in, they wanted all that done.

I had the opportunity to observe Sampson during the IFF, including his demeanor, and I found him credible. He presented as calm, focused, and forthright in his responses to questions posed. I also found his statements that the Rowlands approved replacement of the water heater during a telephone conversation to be credible. During the IFF, Sampson was able to recall specific details and context of the telephone conversations with the Rowlands, which added to the credibility of his statements. However, Sampson acknowledged the Rowlands were previously charged for removal of the extra refrigerator in 2018. Additionally, he acknowledged that the removal of the old water heater should have been included in the \$1,200 charged to the Rowlands for the replacement of the water heater. From the information in the file and the statements at the IFF, it does not appear Sampson sought or that the Rowlands gave authorization for Next Level to pay a second contractor to complete repairs that Next Level had already paid to Lang for providing.

Sampson failed to perform in accordance with the terms of the property management agreement in violation of § 54.1-2135.A.1 of the Code of Virginia.

THE RESULT:

The Board found Sampson's prior repeated violations of the Board's regulations to be an aggravating factor that rises to the level necessary to revoke the license, so the Board voted to revoke the license instead of imposing the recommended monetary penalties and probationary terms.

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